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## Mexico

### Agricultural Situation

### Weekly Highlights & Hot Bites, Issue #17

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#### Report Highlights:

**Apple Announcement May Cause Trade Disruptions\*Auction To Import U.S. Table Eggs\*Mexico/EU Accelerate Tariff Elimination Under Free-Trade Pact\*Mexican Government Blasts Increase in U.S. Farm Subsidies\*Mexican Melons Back In The Spotlight\*New Rail Service Improves Access Between Mexico and U.S. Markets\*Mexican Trucks to Block Bridges On the U.S./Mexico Border\*Study Hints El Niño To Upset Mexican Summer**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Mexico [MX1], MX

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

**DISCLAIMER:** Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

### **APPLE ANNOUNCEMENT MAY CAUSE TRADE DISRUPTIONS**

On May 16, 2002, the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA), published a modification to NOM-008-FITO-1995, which states that apples from the United States, with the exception of apples from the states of Washington, Oregon, and Idaho, require verification at origin. This new wording complies with the apple work plan for these states. However, the notification only allows five ports of entry instead of the nine ports previously authorized (see Report MX2074). The FAS office in Mexico City has asked for a clarification as to why these last points of entry were excluded. The Office of Plant Health from SAGARPA is working to clarify the issue. (Source: *Diario Oficial*, 5/16/02)

### **AUCTION TO IMPORT U.S. TABLE EGGS**

On June 12, 2002, the Secretariat of Economy (SE) will auction off permits (*cupos*) to import 1,004.25 metric tons (1.5 million dozens) of shell table eggs (except fertile eggs H.S. 0407.00.03) from the United States for 2002. These permits are part of the tariff-rate quota (TRQ) for all shell eggs established under the North American Free Trade Agreement (NAFTA). The total TRQ for all shell eggs in 2002 is 8,234 metric tons (12.2 million dozen), including fertile eggs. For additional information, see Report MX 2072. (Source: *Diario Oficial*, 5/15/02)

### **MEXICO/EU ACCELERATE TARIFF ELIMINATION UNDER FREE-TRADE PACT**

On Monday, May 11, 2002, Mexican and European Union (EU) officials met in Brussels to discuss bilateral relations and announced they would accelerate tariff reductions under the Mexico-EU Free-Trade Pact. Commerce Secretary Ernesto Derbez told the media in Brussels that the tariff eliminations would allow Mexico to increase exports by one billion dollars per year and Europe to boost exports to Mexico by 700 million dollars per year. "It will be a strong advantage for both parties," Derbez said. Under this new agreement which will be effective on May 20, the EU will eliminate a 3.5 percent tariff on Mexican-made cars and trucks less than eight tons, as well as tariffs on bicycles. The tariffs were originally scheduled to be cut in 2003. Mexico will eliminate tariffs on European auto parts, chemicals, pharmaceuticals and batteries that originally were slated to be removed in 2007. Derbez said officials also were studying, "a

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reduction in customs complications," to make trade more efficient. The Mexico-EU Free-Trade

Pact took effect in July 2000. During the first eighteen months of the agreement, bilateral trade increased 26 percent, according to the Economy Secretariat. After Mexico forged the North American Free Trade Agreement (NAFTA) with the United States and Canada, trade with the United States increased dramatically. Now, the U.S. market is the destination for over 85 percent of Mexican exports. European nations hope the free-trade pact will allow them to regain lost shares of the Mexican market. (Source: *The News*, 5/14/02)

### **MEXICAN GOVERNMENT BLASTS INCREASE IN U.S. FARM SUBSIDIES**

On Tuesday, May 14, 2002, the Mexican government declared it was totally opposed to a new U.S. farm law, which it said threatens U.S.-Mexico trade relations by dramatically increasing subsidies to U.S. Farms. The Commerce Secretariat issued a statement saying that the new law contradicts Washington's global agricultural trade objectives and needlessly damages Mexican interests. On Wednesday, May 15, 2002, President Vincente Fox told reporters in Strasbourg, France, that he would fight to end the subsidies. Also on Wednesday, the Mexican Congress ordered a committee to write a report on ways of taking action against the legislation. Senator Joaquin Cisneros of the Institutional Revolutionary Party (PRI) said he endorsed a ban on all U.S. meat and dairy imports until subsidies are reduced. (Source: *The News*, 5/16/02)

### **MEXICAN MELONS BACK IN THE SPOTLIGHT**

On Saturday, May 11, 2002, according to a local newspaper, a McAllen, Texas, importer and distributor of Susie brand cantaloupe from Mexico said it was issuing a voluntary recall of the product because it has been associated with outbreaks of illness in the United States and Canada. In a statement, the I. Kunik Co. said the organism *Salmonella Poona* has infected dozens of people and can cause serious, and sometimes fatal, infections in young children, frail or elderly people and others with weakened immune systems. Healthy people infected with the organism often experience fever, diarrhea, nausea, vomiting and abdominal pain. (Source: *The News*, 5/14/02)

### **NEW RAIL SERVICE IMPROVES ACCESS BETWEEN MEXICO AND U.S. MARKETS**

According to a press release published in a local newspaper, the Burlington Northern and Santa Fe Railway Company (BNSF) and Ferrocarril Mexicano (Ferromex) announced they have partnered and are operating the industry's first integrated carload rail service that crosses the U.S./Mexico border at El Paso, Texas. Initially the service is being offered for select forest product commodities, including scrap paper, lumber, plywood and particle board. Historically, the majority of rail traffic into and out of Mexico has crossed the border in south Texas. By

crossing the border in El Paso, BNSF and Ferromex offer a more direct route for carload traffic moving between major markets in the western United States and Mexico. According to BNSF, this new service provides a shorter route for customers moving freight into and out of Mexico, resulting in better transit times and improved economics for shippers. This service provides a

truck-competitive alternative for customers in Mexico and the western United States. (Source: BNSF/Ferromex press release published in *The News*, 5/14/02)

### **MEXICAN TRUCKS TO BLOCK BRIDGES ON THE U.S./MEXICO BORDER**

According to a local newspaper, Mexican congressman, Elias Dip Rame from the Institutional Revolutionary Party (PRI) said Mexican truckers would block bridges to the United States on June 1 if stiff U.S. regulations targeted at Mexican truckers are put in place. Last December, the U.S. Congress ordered a battery of specific safety regulations be tailored to Mexican trucks in order to grant them access to U.S. roads. The regulations are set to take effect in June. Dip, who is also president of the National Confederation of Mexican Transporters (Conatran), said the requirements were difficult, and in some cases impossible, to meet. Dip said he will meet with U.S. officials on May 20 to discuss the new regulations. The United States has stalled on granting Mexican trucks free access to U.S. roads, which were slated to open in 2000 under North American Free Trade Agreement (NAFTA) rules. (Source: *The News*, 5/16/02)

### **STUDY HINTS *EL NIÑO* TO UPSET MEXICAN SUMMER**

On Thursday, May 9, 2002, Raul Rivera, a deputy director for meteorology at Mexico's federal Civil Protection Agency, said an annual report which will be released next week before the 2002-03 hurricane season, will predict that due to *El Niño*, there will be less rain in the south, a later hurricane season and heat waves in the north this summer. The *El Niño* (boy child) phenomenon is an abnormal warming of waters in the eastern Pacific that distorts wind and rainfall patterns around the world, causing floods and droughts. It usually occurs every four to five years and can last up to 18 months. He further stated that evidence is already being seen in central and southern Mexico which is likely to see either less rain or a delayed rainy season. On Wednesday, May 8, 2002, the National Campesino Confederation, the nation's largest group of rural farm workers, warned that drought in the northeast, northwest, central and southeast Mexico is threatening cattle, corn and beans. (Source: *The News*, 5/11/02)

### **REPORTS SUBMITTED RECENTLY BY FAS/MEXICO CITY**

<b>REPORT #</b>	<b>TITLE</b>	<b>DATE</b>
MX2068	Weekly Highlights & Hot Bites, Issue #16	5/9/02
MX2069	Mexico's Monthly Crop Update, April 2002	5/9/02
MX2070	Dairy and Products Semi-Annual Report	5/14/02
MX2071	Annual Coffee Report	5/14/02
MX2072	Auction of Permits to Import U.S. Table Eggs	5/15/02
MX2074	Modification to NOM-008-FITO-1995	5/16/02

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